



DEPARTMENT OF CONSERVATION

DIVISION OF RECYCLING

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October 30, 2006

NOTICE

TO: Recyclers, Processors, Curbside Operators, and Collection and Dropoff Programs

SUBJECT: AB 3056

Assembly Bill (AB) 3056 (Chapter 907, Statute of 2006), an urgency statute, was signed by the Governor on September 30, 2006. This notice summarizes the recent changes in the law that impact your business operations. While the new law became effective immediately upon the Governor's signing, there are program changes that do not become effective until January 1, 2007.

The Division of Recycling (Division) will be issuing additional notices to specific program participant groups advising of important program changes, and will also be posting comprehensive information to its website at: <http://www.consrv.ca.gov/DOR/index.htm>.

All changes listed below become effective January 1, 2007. An asterisk * denotes changes that are effective now.

General Information

- **California Refund Value (CRV)** paid to consumers will increase to 5¢ for beverage containers less than 24 ounces, and 10¢ for containers 24 ounces or greater.
- **The segregated and commingled refund value per pound rates** paid by processors and recyclers will change as a result of the increase in CRV. The Division annually recalculates **Container-per-pound rates** by material type. A separate notice, including the segregated and commingled refund value per pound rates and container-per-pound rates that will be effective January 1, 2007, will be mailed by December 1, 2006 and will also be posted to the website. If you have questions, please contact Chris Goetzke at (916) 327-7596, or Chris.Goetzke@conservation.ca.gov.
- **Processing Payments** paid to recyclers will continue. The processing payments for 2007 will be issued in a separate notice to be mailed out mid-December 2006. Questions should be directed to Chris Goetzke at (916) 327-7596, or Chris.Goetzke@conservation.ca.gov.

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- **Quality Incentive Payment:** Up to \$15 million may be expended annually for aluminum, glass, and plastic beverage containers collected by curbside programs or dropoff or collection programs and that meet quality specifications to be defined in regulations. Workshops for this new program will be conducted mid-November 2006. A separate notice will be mailed by the end of October 2006 indicating the date, location, and time of the workshops. Questions should be directed to Jim Hill at (916) 323-5778 or Jim.Hill@conservation.ca.gov.
- **Quality Glass Incentive Payment (QGIP)** will expire January 1, 2007. A new Quality Incentive Payment Program will replace the QGIP. Questions should be directed to Vicky Castle at (916) 445-0680 or Vicky.Castle@conservation.ca.gov.
- ***Plastic Market Development Payment Program:** Up to \$5 million may be expended annually until January 1, 2012 for plastic beverage containers that are collected for recycling and subsequently washed and processed into a flake, pellet or other form and used by a product manufacturer to make a new product in the state. Workshops for this new program will be conducted mid-November 2006. A separate notice will be mailed by the end of October 2006 indicating the date, location, and time of the workshops. Questions should be directed to Zenny Yagen at (916) 323-5778 or Zenny.Yagen@conservation.ca.gov.
- ***Market Development & Expansion Grant Program:** Expands the grant program to authorize up to \$20 million annually until January 1, 2012. Questions should be directed to Zenny Yagen at (916) 323-5778 or Zenny.Yagen@conservation.ca.gov.
- **Recycling Incentive Payment:** Up to \$10 million may be expended annually until January 1, 2010 for payment to eligible recycling centers, or dropoff or collection programs that meet criteria as specified in statute, including but not limited to, the following:
 1. The recycling center or dropoff or collection program is certified and open for business during the entire two-year period prior to the six-month period for which payments are made, and at the time the payment is made. A six-month period shall begin either January 1 or July 1.
 2. A recycling center or dropoff or collection program that was operational prior to July 1, 2005, may receive a recycler incentive payment for beverage containers collected on or after January 1, 2007, if all the other program criteria are met.

Questions regarding the recycling incentive payment should be directed to Kent Harris at (916) 327-2795 or Kent.Harris@conservation.ca.gov.

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Convenience Zone Recyclers

- **Convenience Zones:** The definition has been amended to mean either (1) the area within a ½ mile radius of a supermarket; or (2) *in a rural region: (a) an expanded area, within 3 miles of a supermarket, if the zone would be served by a single existing recycling center, or location, as specified; or (b) an area with no supermarket, but with two or more dealers located within a 1 mile radius of each other, as specified in statute.* Questions should be directed to John Jackson at (916) 327-2785 or John.D.Jackson@conservation.ca.gov.
- **Handling Fees:** A gradual increase in the handling fee appropriation is authorized to avoid future shortfalls in handling fee payments. The Department may expend up to \$31 million from July 1, 2005 to June 30, 2006, \$33 million from July 1, 2006 to June 30, 2007, and \$35 million from July 1, 2007 to June 30, 2008. The increase from \$26.5 million to \$31 million from July 1, 2005 to June 30, 2006 allows the Department to pay for eligible claims submitted that were originally denied due to a lack of funds. These claims are being processed and the Department expects that payments will be mailed to recyclers before the end of October. Questions should be directed to John Jackson at (916) 327-2785 or John.D.Jackson@conservation.ca.gov.

Handling Fees: The Department is required to conduct a cost survey during 2007, and every two years thereafter, to determine future handling fee payments beginning with the payments for the 2008/2009 fiscal year. Effective July 1, 2008 the Department will determine the amount of the handling fee to be paid for each beverage container by subtracting the cost per container to redeem empty containers by recycling centers that do not receive handling fees from the costs per container for recycling centers that do receive handling fees. There will be no monthly or annual cap on payments. Questions regarding the handling fee cost survey should be directed to Graham Johnson at (916) 323-5778 or Graham.Johnson@conservation.ca.gov.

Please check the Division's website at <http://www.consrv.ca.gov/DOR/index.htm> for new information about changes brought about by AB 3056, including a "frequently asked questions" section. I hope this notice has been helpful, and we look forward to working with you to make the provisions of this new law a success.

Chuck Seidler
Acting Assistant Director
for Recycling